



Federal
Financial
Management
System
Requirements

Property Management Systems Requirements

What is JFMIP?

The Joint Financial Management Improvement Program (JFMIP) is a joint undertaking of the U.S. Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management, working in cooperation with each other and other agencies to improve financial management practices in Government. The Program was given statutory authorization in the Budget and Accounting Procedures Act of 1950 (31 USC 65 as amended). Leadership and program guidance are provided by the four Principals of the JFMIP – Comptroller General of the United States, Secretary of the Treasury, and the Directors of the Office of Management and Budget, and the Office of Personnel Management. Each Principal designates a representative to serve on the JFMIP Steering Committee, which is responsible for the general direction of the Program. The JFMIP Executive Director and a program agency representative (who serves for 2 years) are also on the Steering Committee.

The Program promotes strategies and guides financial management improvement across Government, reviews and coordinates central agencies' activities and policy promulgations, and acts as a catalyst and clearinghouse for sharing and disseminating information about good financial management practices. This information sharing is done through conferences and other educational events, newsletters, meetings with interagency groups and agency personnel, and through FinanceNet, an electronic clearinghouse on the Internet.

The JFMIP has worked on interagency projects that developed a financial systems framework and financial systems requirements. For the future, JFMIP plans to assist Federal agencies in improving their financial systems through its Program Management Office. The Office will work on revising the Federal Government's requirements definition, testing, and acquisition processes. The first target of opportunity is core financial systems. The objectives of the Office are to develop systems requirements, communicate and explain Federal and agency needs, provide agencies and vendors information to improve financial systems, ensure that products meet relevant systems requirements, and simplify the procurement process.

For information on JFMIP, call (202) 219-0526, or visit the JFMIP website, www.JFMIP.gov.

Foreword

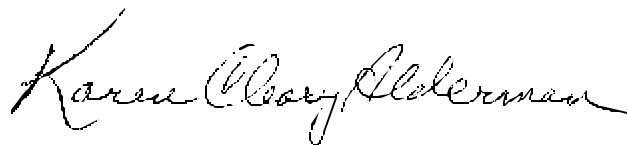
This Property Management Systems Requirements document is one of a series of functional systems requirements documents published by the Joint Financial Management Improvement Program (JFMIP) on Federal financial management system requirements. It reflects both functional and financial systems requirements associated with property management systems.

Preparation of this document addresses the goal of the President's Council on Management Improvement (PCMI) and the JFMIP to improve the efficiency and quality of financial management in the Federal Government. This document also addresses the Chief Financial Officers (CFO) Act of 1990, the Government Management Reform Act (GMRA) of 1994, and the Federal Financial Management Improvement Act (FFMIA) of 1996 which strongly reaffirmed the need for the Federal Government to provide financial systems that facilitate the effective management of Government programs and services and the proper stewardship of public resources.

The requirements in this document address requirements for property management systems. Agencies must use these functional requirements in planning their property management systems improvement projects, and may develop additional technical and functional systems requirements as needed to support unique mission responsibilities. Agencies must also develop strategies for interfacing or integrating property management systems with their Core Financial System and other applicable systems.

This document acknowledges that property management system functionality does not necessarily reside in a single software application or functional system. In fact, property information may reside in or may be calculated in a number of applications or systems. The property management systems described in this document may be comprised of all these applications and/or systems, their interfaces, and the processes required to manage property.

We thank the agency officials and others in the financial, oversight, property management, and information technology communities who contributed to this document. We value their assistance and support. With continuing support such as theirs, we can confidently face the financial management challenges of the next century.

A handwritten signature in black ink, reading "Karen Cleary Alderman". The signature is fluid and cursive, with the first name "Karen" being the most prominent.

Karen Cleary Alderman
Executive Director

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Acronyms

CFO	Chief Financial Officer
CFR	Code of Federal Regulations
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FASA	Federal Acquisition Streamlining Act
FASAB	Federal Accounting Standards Advisory Board
FFMIA	Federal Financial Management Improvement Act
FFMSR	Federal Financial Management Systems Requirements
FPMR	Federal Property Management Regulation
GAAP	Generally Accepted Accounting Principles
GAO	General Accounting Office
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GSA	General Services Administration
ITMRA	Information Technology Management Reform Act
JFMIP	Joint Financial Management Improvement Program
NEPA	National Environmental Policy Act
OMB	Office of Management and Budget
PCMI	President's Council on Management Improvement
PP&E	Property, Plant and Equipment
SFFAS	Statement of Federal Financial Accounting Standards
SGL	Standard General Ledger
USC	United States Code

Introduction

The Federal Government recognizes the importance of using state-of-the-art financial systems to support Government operations and to provide quality and timely financial and related information to program and financial managers. Congress enacted the CFO Act of 1990, GMRA, and FFMIA of 1996 to improve financial management, assign clearer responsibility for leadership to senior officials, and require new financial organizations, enhanced financial systems, and audited financial reporting.

Improving Federal financial management systems is critical for financial and program managers. The improvements provide better information for decision-making, and increase the efficiency and effectiveness of services provided by the Federal Government. Proper financial management and reliable financial systems must provide for:

Accountability. Inform taxpayers, agency personnel, and the Congress, in terms they can readily understand, on how the Nation's tax dollars are being spent, and that Federal assets are being protected.

Efficiency and Effectiveness. Provide efficient and effective service to the Federal agency's internal and external customers (e.g. general public, contractors, partnerships, state and local Governments, other Federal agencies/organizations, the military, and foreign governments).

Better Decision-Making. Provide to agency heads, program managers, and the Congress timely reports linking financial execution and program results.

Office of Management and Budget (OMB) Circular A-127, "Financial Management Systems", sets forth general policies for Federal financial management systems. Each agency is required to develop and maintain a single, integrated financial management system. To support this objective, each agency must have an ongoing financial systems improvement planning process and periodic reviews of financial system capabilities. In addition, each agency must maintain financial management systems that comply with the requirements of the Federal accounting standards established by the Federal Accounting Standards Advisory Board (FASAB) in its Statements of Federal Financial Accounting Standards (SFFAS) and with the requirements of OMB's Form and Content of Agency Financial Statements.

System requirements for common systems have been prepared under JFMIP direction as a series of publications entitled Federal Financial Management System Requirements (FFMSR). The FFMIA statute codified the FFMSR as key benchmarks that agency systems must meet to be substantially in compliance with system requirements provisions under FFMIA. The Property Management Systems Requirements document has been prepared as a continuation of the FFMSR series that began with the Core Financial Systems Requirements document in January 1988.

This document is intended for financial system analysts, systems accountants, systems developers, property managers, program managers, and others who design, develop, implement, operate, and maintain or audit financial management systems.

Federal Financial Management Framework

This document provides functional requirements for property management systems that will assist financial managers, property managers, and others in controlling and accounting for Federal property as defined in Government-wide and agency-specific statutes, regulations, and guidelines. This document is one component of a broad program to improve Federal financial management. This program involves establishing uniform requirements for financial information, financial systems, reporting, and financial organizations. Appendix B contains a comprehensive listing of relevant Government-wide accounting standards, laws, regulations and other mandates.

As shown in Illustration 1, Financial Systems Improvement Projects, establishing uniform requirements is only part of the process of improving financial management systems and information. Improvements can be achieved through the selection, development, and/or purchase of applications that meet approved functional requirements and technical and data management specifications. Agencies must continue to improve their financial systems and implement new requirements as they are issued so that continuing efforts to standardize and upgrade data and reporting requirements, in accordance with OMB's Government-wide five year financial management plan, will be successful.

Well-defined and effective Government-wide functional requirements assist agencies in developing strong systems and information by eliminating duplicate work among agencies and providing a common framework so that outside vendors can more economically provide systems software. Development of Government-wide functional requirements for each application is a critical effort that will affect internally developed systems and the evaluation and selection of commercially available systems. In support of this vision, the Federal Government must establish Government-wide financial management systems and compatible agency systems, with standardized information and electronic data exchange, to support program delivery, safeguard assets, and manage taxpayer dollars.

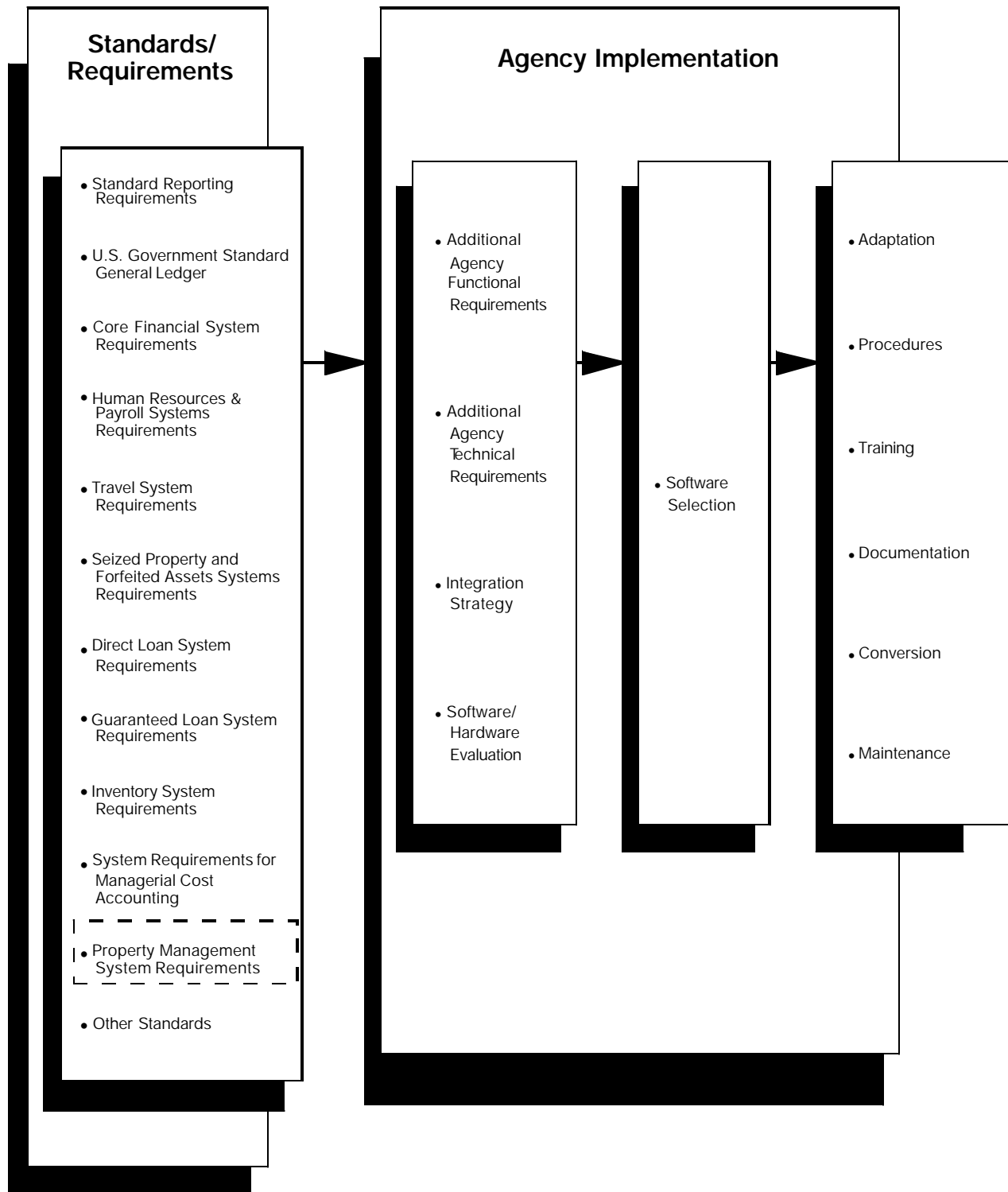
Each agency should integrate its unique requirements with these Government-wide standard requirements to provide a uniform basis for the standardization of financial management systems as required by the CFO Act of 1990, FFMIA of 1996, and other statutes.

Financial management systems in the Federal Government must be designed to support the vision articulated by the Government's financial management community. This vision requires financial management systems to support the partnership between program and financial managers and to assure the integrity of information for decision-making and measuring performance. This includes the ability to:

- collect accurate, timely, complete, reliable, and consistent information;
- provide for adequate agency management reporting;
- support Government-wide and agency-wide policy decision-making;
- support the preparation and execution of agency budgets;
- facilitate the preparation of financial statements and other financial reports in accordance with Federal accounting and reporting standards;
- provide information to central agencies for budgeting, analysis, and Government-wide reporting, including consolidated financial statements; and
- provide a complete audit trail to facilitate audits.

It is critical that financial management systems support the agency's mission and programs, including changes to them, and that financial management systems plans are incorporated into the agency's plans for information technology infrastructure and information systems as a whole. Further, systems design efforts should include an analysis of how systems improvements, new technology supporting financial management systems, and modifications to existing work processes can together enhance agency operations and improve program and financial management. Reassessing information and processing needs and redesigning processes, procedures, and policies are essential steps to meeting user needs.

Financial System Improvement Projects



--- Subject of
this report

Illustration 1

Integrated Financial Management Systems

Financial management systems must be designed with effective and efficient interrelationships between software, hardware, personnel, procedures, controls, and data contained within the systems. To be integrated, financial management systems must have, as a minimum, the following four characteristics:

- (1) Standard data classifications (definitions and formats) established and used for recording financial events;
- (2) Common processes used for processing similar kinds of transactions;
- (3) Internal controls over data entry, transaction processing, and reporting applied consistently; and
- (4) A design that eliminates unnecessary duplication of transaction entry.

The financial management systems policy described in OMB Circular A-127 “Financial Management Systems” requires that each agency establishes and maintains a single integrated financial management system. Without a single, integrated financial management system to ensure timely and accurate financial data, poor policy decisions may occur, due to inaccurate or untimely information. Managers are less likely to be able to report accurately to the President, the Congress, and the public on Government operations in a timely manner. Scarce resources are more likely to be directed toward the collection of information rather than to delivery of the intended programs. And, modifications to financial management systems necessary to keep pace with rapidly changing user requirements cannot be coordinated and managed properly. The basic requirements for a single, integrated financial management system are outlined in OMB Circular A-127.

Having a single, integrated financial management system does not necessarily mean having only one software application within each agency covering all financial management systems needs. Rather, a single, integrated financial management system is a unified set of financial systems and the financial portions of mixed systems encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage financial operations of the agency, and report on the agency’s financial status to central agencies, Congress, and the public.

Unified means that systems are planned and managed together, operated in an integrated fashion, and linked together electronically in an efficient and effective manner to provide agency-wide financial system support necessary to carry out the agency’s mission and support the agency’s financial management needs.

Integration means that the user is able to have one view into systems such that, at whatever level the individual is using the system, he or she can obtain the information needed efficiently and effectively through electronic means. However, it does not mean that all information is physically located in the same database.

Interfaces, where one system feeds data to another system following normal business/ transaction cycles, such as depreciation charges recorded in general ledger control accounts at specific time intervals, may be acceptable as long as the supporting detail is maintained and accessible to managers. In such cases, interface linkages must be electronic unless the number of transactions is so small that it is not cost-beneficial to automate the interface. Easy reconciliations between systems, where interface linkages are appropriate, must be maintained to ensure data accuracy.

To develop any integrated information system, it is critical that systems analysts and systems accountants identify:

- scope of the functions to be supported (processes),
- how data quality will be assured (data stewardship),
- information to be processed (management information),
- how systems fit together to support the functions (systems architecture), and
- safeguards needed to ensure the integrity of operations and data (internal control).

All of these pieces must be brought together in a model such as the one shown in Illustration 2. These pieces must work together to form an efficient integrated information system. A change to any part of the model will require determination of the implications on other parts of the model. For example, a new reporting requirement may require changes throughout the entire model.

Integrated Model for Federal Information Systems

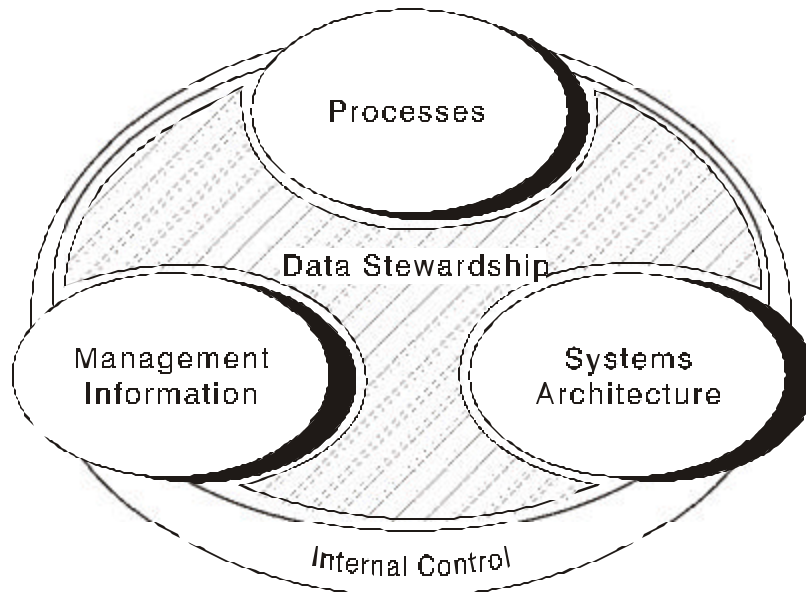


Illustration 2

Agency Financial Management Systems Architecture

Agency Systems Architecture

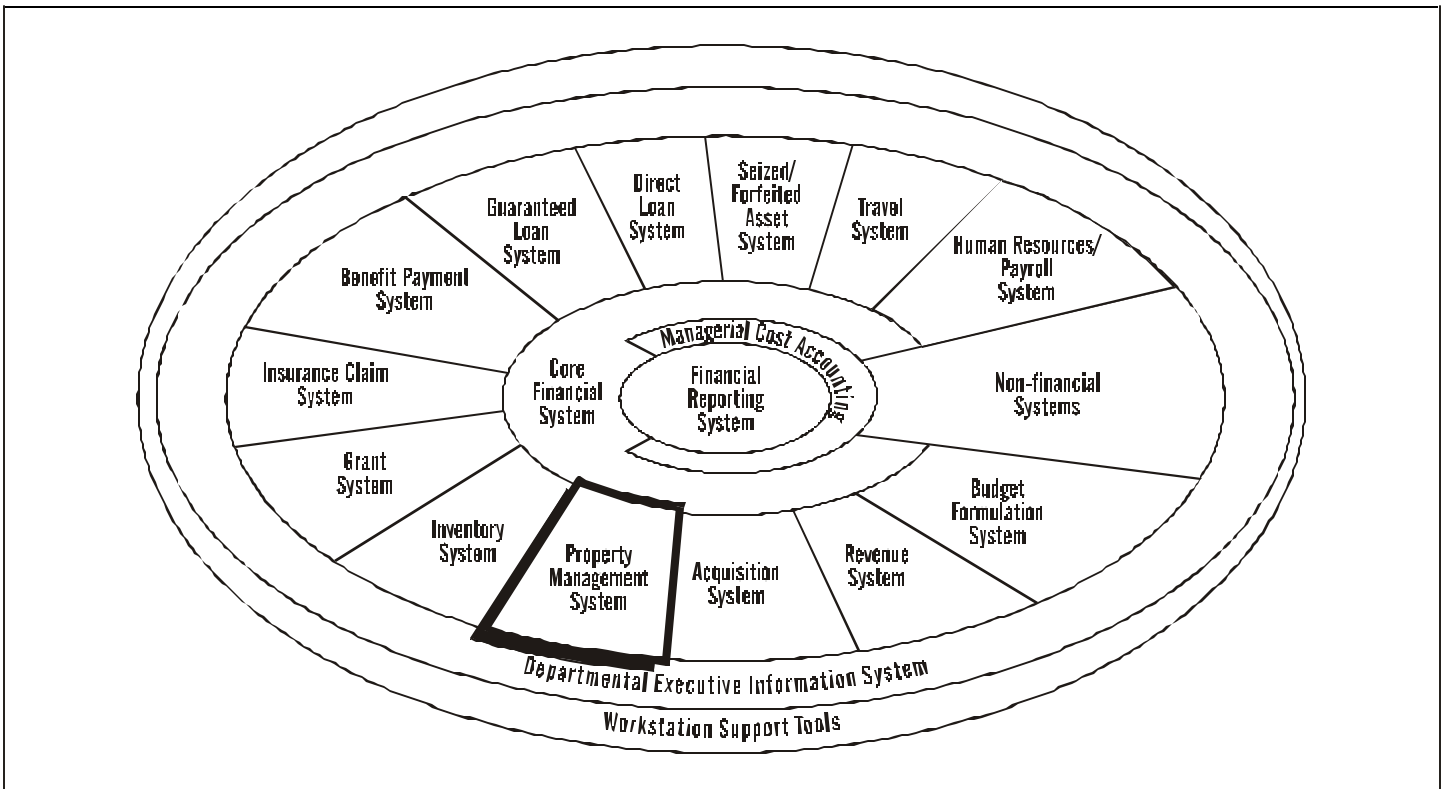


Illustration 3

Agency financial management systems are information systems that track financial events and summarize information to support the mission of an agency, provide for adequate management reporting, support agency-level policy decisions necessary to carry out fiduciary responsibilities, and support the preparation of auditable financial statements.

Agency financial management systems fall into four categories:

- (1) Core financial systems;
- (2) Other financial and mixed systems, including property management systems;
- (3) Shared systems; and
- (4) Departmental executive information systems (systems to provide management information to all levels of management).

These systems must be linked together electronically to be effective and efficient. Summary data transfers must be provided from agency systems to central systems to permit summaries of management information and a agency financial performance information on a Government-wide basis.

Subject to Government-wide policies, the physical configuration of financial management systems, including issues of centralized or decentralized activities, processing routines, data, and organizations, is best left to the determination of the agency, which can determine the optimal manner in which to support the agency mission. The physical design of the system, however, should consider the agency's organizational philosophy, the technical

capabilities available, and the most appropriate manner to achieve the necessary single, integrated financial management system for the agency.

The systems architecture shown in Illustration 3 provides a logical perspective identifying the relationships of various systems types. Although this does not necessarily represent the physical design of the system, it does identify the systems types generally needed to support program delivery/financing and financial event processing for effective and efficient program execution.

Property Management Systems Overview

This chapter provides an overview of property management systems functional requirements, explains certain property management system requirements, describes the types of property covered under this document, and outlines the components of a property management system.

Government Property Systems Background

The U.S. Government is the world's largest and most complex enterprise. Currently, Federal agencies control hundreds of billions of dollars in property, plant, and equipment (PP&E). PP&E consists of tangible assets, including land, that have an estimated useful life of 2 years or more, are not intended for sale in the ordinary course of operations, and have been acquired or constructed with the intention of being used, or being available for use by the entity. PP&E includes, but is not limited to, office equipment, computer hardware/software, buildings, land, museum collections, and national defense PP&E. All of these items are controlled and accounted for in many different agency systems. This document is intended to establish basic capabilities that property management systems must have to support controlling and accounting for Federal property and to comply with applicable laws and regulations. It does not provide basic capabilities for all property management functions.

Issuance of Government property management systems functional requirements promotes a common understanding among private and public sector financial managers and property managers regarding property management systems capabilities. The functional requirements provide benchmarks for agency compliance under FFMIA and serve as a tool for oversight agencies to evaluate property management systems. The functional requirements help justify agency system improvements or replacements and help organize the private sector market by communicating mandatory capabilities that commercial software must be able to provide to Federal agencies, as well as identifying value-added features desired by Federal agencies.

Government property management systems, as components of the JFMIP Agency Systems Architecture (see Illustration 3), are relied upon to feed data to other financial management systems, including the Core Financial Systems which produce data needed for agency consolidated financial statements. Accordingly, Government property management systems must capture data to meet Federal statutes, regulations and standards governing property management and reporting property assets on agency financial statements. Federal Government property management systems must provide consistent, standardized information for program managers, financial managers, agency executives, and oversight organizations. All property management systems that are being designed and implemented or in current use must operate in accordance with laws, regulations, and judicial decisions.

This document identifies functional requirements for Federal agency property management systems. Although the document may be used when developing new property management systems or improving/evaluating current systems, the document does not provide a specific model for such systems. Functional requirements not mandated by law, regulation, directive, or judicial decision should be incorporated in these systems if cost-effective and in the Government's best interest.

Property management systems functions in this document are designated as mandatory or value-added. Definitions for these two categories of systems functions are:

Mandatory – Mandatory requirements describe what the system must do and consist of the minimum acceptable functionality necessary to establish a system, and are based on Federal laws, regulations, directives, or judicial decisions. Mandatory requirements are those against which agency heads evaluate their systems to determine substantial compliance with systems requirements under the FFMIA. These requirements apply to existing systems in operation and new systems planned or under development.

Value-added – Value-added requirements describe features or characteristics and may consist of any combination of the following: (1) using state-of-the-art technology, (2) employing the preferred or best business practices, or (3) meeting the special management needs of an individual agency. Value-added, optional, and other similar terminology may be used to describe this category of requirements. Agencies should consider value-added features when judging systems options. The need for these value-added features in agency systems is left to the discretion of each agency head. This document does not list all value-added requirements.

Within this document, mandatory property management systems requirements are indicated by the word “must”; value-added systems requirements are identified by use of the words “may” or “should”. Requirements are mandatory if they are necessary for compliance with statutes and regulations affecting property management, compliance with the FFMIA and OMB Circular A-127, and proper stewardship of assets. However, not all mandatory requirements in this document are germane to assessing compliance with OMB Circular A-127 and the FFMIA. These requirements are identified by the parenthetical remarks “property management only.”

Federal agency property management systems are critical for establishing financial accounting and maintaining physical accountability over property. Such systems assist property managers in managing their property in accordance with missions and roles established by Congress. The property accountability requirements outlined in this document support management and administrative activities associated with property.

In a property management system, property is categorized as:

- (1) **Property Capitalized and Recorded in Property Management Systems.** These are individual property items, items acquired separately but consolidated to represent one item, or items purchased in bulk, whose acquisition or fair market values meet agency-established capitalization thresholds. Such items are recorded and maintained in agency property management systems to maintain physical accountability over the property.
- (2) **Property Expensed and Recorded in Property Management Systems.** These include heritage assets, stewardship land, and national defense PP&E that are expensed when acquired. This category also includes sensitive or controlled property that is expensed when acquired (the cost is below agency capitalization threshold) and that agencies choose to record and maintain in property management systems for accountability and management purposes. Agencies determine which sensitive or controlled items are appropriate for inclusion in their property management systems.
- (3) **Property Acquired at No Cost and Recorded in Property Management Systems.** Accountable property such as heritage assets, stewardship land, and other property acquired at no cost to the Government either from donation or other means must be maintained in property management systems for accountability and/or management purposes.

The document identifies managers as both users and beneficiaries of the system. Each agency will define the level of management involved in each area discussed to ensure adequate internal controls are implemented and maintained.

The property management system maintains information on property from the time the Government takes title to or possession of property through disposal and maintains a complete history of modifications and improvements to property. The systems requirements in this document are described in three sections. These sections categorize requirements as common requirements or requirements relating to specific functions. The sections associated with property management systems are:

General Requirements. These identify mandatory and value-added system functionality that are common for all property management functions. In addition, there are functional requirements that apply to specific categories of property.

Acquiring/Receiving Property. This function addresses initial physical control when property is delivered or real property is placed in service. Property is recognized as accountable when title passes to the entity obtaining the property or when goods are delivered. Property may be purchased, leased, loaned, granted, transferred, constructed, or donated. The property management system may obtain information from the acquisition system when property is ordered. The property management system records receipt of property and the results of an initial physical inspection regarding the condition of property, whether from vendor, donated, transferred, or gained through discovery.

Managing and Accounting for Property. The Managing Property function captures and provides data to assist property managers and officials in managing property. Examples of property management responsibilities and activities supported by property management systems include recording the results of inventories, and monitoring maintenance requirements, utilization, overhaul, retirement, transfer, or disposal of property.

The Accounting for Property function pertains to recording the acquisition cost of the property, or net book value/fair market value for donated or transferred items. For capitalized property, the function records the acquisition cost, net book value or fair market value of donated or transferred assets, the property's useful life, salvage value, and depreciation/amortization method. In addition to the initial value, it also records all capitalizable improvements. Upon disposal, or when identified for disposal and no longer in use, the function identifies the property record as a disposal and no longer includes the value of the asset and its associated accumulated depreciation/amortization in calculating the gross and net book value of property. This function calculates depreciation/amortization on property, captures deferred maintenance, condition, and clean-up cost information and provides this information to the Core Financial System.¹

Federal agencies may maintain the property management system in various integrated data system configurations, media, or formats. Accordingly, these requirements do not mandate a single property management system software application. The property management system(s) must be subsidiary to the general ledger. The property management system must be able to serve the needs of different communities of users. Finally, the property management system handles all property except the following (applicable JFMIP requirements documents indicated):

- Seized Property and Forfeited Assets (Seized Property and Forfeited Assets System Requirements)
- Work in Process (Managerial Cost Accounting System Requirements)
- Property Acquired as a Result of Credit Operations (Direct Loan System Requirements and Guaranteed Loan System Requirements)

To facilitate the accounting and financial reporting requirements, property management systems should categorize property in classifications that facilitate Government-wide and agency-specific financial reporting and management reporting. At a minimum, property management systems should distinguish among categories of property established in SFFAS Nos. 6, 10, 11 and 16. These categories are general PP&E, heritage assets, stewardship land, and national defense PP&E. In addition to the SFFAS No. 6 categorization, the property management system should support agency-specific categorization and sub-categorization. For example, some agencies may have sub-categories for laboratory equipment, warehouses, and office buildings.²

¹ Financial data originating from the Property system, e.g., depreciation or transferred property must be posted at the SGL transaction level in the Core Financial System.

² Categories of property should be established to facilitate reconciliation to the control accounts in the agency's general ledger.

When developing or modifying property management systems, agencies must recognize that a given type of property may be classified in more than one of the four SFFAS property categories. For example, land may, depending upon its primary use and how it was acquired, be categorized as general PP&E, stewardship land, or heritage assets.³

Illustration 5, Flowchart for Types of Property and Their Reporting Requirements, at Appendix A provides an example of a logical progression for classifying property according to Federal accounting standards, recording it correctly in property management systems, and reporting it correctly on agency financial statements. The flowchart depicts the process for classifying and recording property when initially acquired, transferred, donated, loaned or leased.⁴ It is important to note that some agencies may have property items that were acquired long ago, but not recorded in a property management system. In such cases, agencies can still follow the process shown in the flowchart to analyze previously acquired property for recording in a property management system.

3 Land is only included in general PP&E if it is acquired for use with another item of general PP&E (e.g., a building) and it has an identifiable acquisition cost.

4 The flowchart is based on guidance found in SFFAS Nos. 6, 8, 10, 11, and 16. It is not a substitute for the guidance in these standards. In addition, standards evolve over time. The illustration is correct as of issuance but may become stale due to future changes in the standards.

Introduction to Functional Requirements

Agency property management systems assist managers in collecting and maintaining information for financial reporting in accordance with generally accepted accounting principles (GAAP) and managing the various types of property. Additionally, they should assist managers in ensuring that assets are safeguarded against improper use or disposition.

The requirements that follow provide a description of the major information and processing capabilities for property management systems. The following basic requirements have been identified by General Requirements, Specific Categories, and property management functional area. These functional capabilities should be integrated with agency unique requirements in a manner that best supports the agency's programs, operations, technical environment, and management philosophy.

General Requirements

Mandatory:

The property management system must support the following common requirements for all property management functions:

- Record beginning balances, acquisitions, withdrawals, and calculate ending balances expressed in values and physical units, except for heritage assets and stewardship land for which all end of period balances are expressed in physical units only.
- Capture the condition of the asset for heritage assets, stewardship land, national defense PP&E, and general PP&E for which a condition assessment survey was performed.
- Provide edits (controls) to prevent duplication and reduce the likelihood of creating erroneous property documents/records to ensure the integrity of data recorded in the system.
- Permit only authorized users to enter, modify, or otherwise alter property records.
- Provide an audit trail for entries to a property record, including the identification of the individual(s) entering or approving the information and/or data.
- Identify the type of transaction affecting the property item, e.g., initial acquisition, change in location, and disposal.
- Incorporate adequate security features that prevent unauthorized access to the property system by unauthorized individuals.
- Enable the transfer of responsibility for property from one authorized manager to another authorized manager.
- Capture real property information for GSA's Worldwide Inventory system as directed in Federal Property Management Regulation (FPMR) 102-84. (property management only).
- Produce reports in accordance with user defined criteria. Such reports may:
 - Provide property information to allow appropriate users to conduct an inventory of current holdings or any subset of those holdings at any time.
 - Allow a user to access both summary data and more detailed data.
- Capture the fact that an environmental or hazardous substance is located on or contained within a property item in accordance with 41 CFR 101-42.202.
- Distinguish between capitalized property and expensed property tracked in the property management system.

Value-Added:

The property management system may:

- Capture and prioritize the estimated cost of repairs.
- Accumulate data from multiple appropriations.
- Provide for on-line search capability based on user-defined parameters.
- Provide the capability for agency property management systems to interface on-line or through Internet with other property management systems external to the agency to facilitate identification, location, or transfer of property Federal Government-wide.

Specific Categories

Certain categories of property may require special treatment. This section addresses Information Technology, Government Property in the Custody of Others, and National Defense PP&E.

Information Technology

For purposes of this document, the term “information technology” includes computers, peripheral equipment, software (as defined in SFFAS 10, Accounting for Internal Use Software) and firmware. Because information technology assets are personal property, property management systems may already capture the data required to account for these assets. However, property management systems should also capture information essential to ensuring that software and software licenses are controlled and information driven by contractual licenses and agreements with software developers, vendors, or software licensors.

Government Property in the Custody of Others

The requirements in this document apply only to Government property management systems, and do not apply to contractor or grant recipient property systems. Agencies must adhere to the policy and procedures of FAR Part 45 and agency supplements for property in the hands of contractors and for grantees follow the standards set-forth in applicable OMB circulars. Non-Federal entities participating in a cooperative research and development agreement or an “other transaction” provide the agency sufficient information to enable the agency to satisfy its internal property accountability and financial reporting requirements as described in this document.

National Defense PP&E

National Defense PP&E assets have the same characteristics as general PP&E but, for reasons explained in the accounting literature, differ from general PP&E in accounting treatment. National Defense PP&E assets are expensed (versus capitalized) and are reported as stewardship property.

Acquiring/Receiving Property

This function addresses assumption of initial physical control when property is delivered or real property is placed in service. Property is recognized as accountable when title passes to the entity obtaining the property or when goods are delivered. Property may be purchased, leased, loaned, granted, transferred, constructed, or donated. The property management system may obtain information from the acquisition system when property is ordered. The property management system records receipt of property and the results of an initial physical inspection regarding the condition of property, whether donated, transferred, or gained through discovery. Upon receipt of property, it captures confirmation information about physical receipt and forwards the information to the acquisition system and the Core Financial System.⁵

This section describes functional requirements for recording information relative to the acquisition and receipt of property.

Mandatory:

The property management system must:

- Create a skeletal property record or other mechanism for capturing information on property in-transit from the providing entity (e.g., vendor, donator, loaner, grantor, etc.). The skeletal property record or other mechanism is required only for property for which the Government has taken title. For example, the skeletal property record or other mechanism may identify the following on newly acquired property:
 - Name and address of the shipper/vendor;
 - Estimated date of delivery;
 - Shipping address (“ship to” address);
 - Item identification (e.g., nomenclature, quantity, description, year of manufacture, make/model/serial number, Federal stock classification or national stock number);
 - Requisition information (e.g., contract/purchase order, or other requisition document number; name and address of requisitioning organization); and
 - Order Date.
- Complete the skeletal property record, or create a property record for items with no skeletal property record, upon assuming possession of the item, placing the real property asset in service, or initiation of real estate instrument/grant.
- Capture the method of acquiring each property item or bulk property items (e.g., direct purchase, completed work-in-process, capital lease, donation, non-reciprocal transfer or reciprocal transfer), and the date of acquisition.
- Capture quantity, date of physical receipt or date real property is available for use or placed into service, and condition of item received when a condition assessment was made.
- Forward physical receipt information, including quantity and date of physical receipt, to the acquisition system and Core Financial System.⁶

⁵ The property management system should be capable of interfacing with other financial and/or mixed systems. However, interface requirements and systems architecture necessary to meet management and reporting requirements are determined by each agency. See the Interface Requirements section for more information.

⁶ The property management system should be capable of interfacing with other financial and/or mixed systems. However, interface requirements and systems architecture necessary to meet management and reporting requirements are determined by each agency. See the Interface Requirements section for more information.

Value Added :

The property management system may:

- Interface electronically with GSA's Worldwide Inventory.
- Provide information on the status of upgrades and overhauls to property.
- Aggregate relatively homogenous assets into asset pools. All assets in the asset pools have the same estimated useful life and the acquisition cost of each item in the asset pool would be the average cost of all items in the pool. However, each item in the asset pool must have a separate property record and a separate agency-unique identification number.
- Capture warranty/guarantee information, including terms and period of coverage.

Managing and Accounting for Property:

This section addresses requirements for managing and accounting for property.

Requirements for managing property address capturing and providing data to assist property managers and officials in managing property. Examples of property management responsibilities and activities supported by property management systems include monitoring maintenance, utilization, overhaul, retirement, transfer, or disposal of property.

Requirements for accounting for property pertain to recording the acquisition cost of property, or net book value or fair market value for donated or transferred items. For capitalized property, the function records the acquisition cost or net book value or fair market value of donated or transferred assets, the property's useful life, salvage value, and depreciation/amortization method. In addition to the initial value, it also records all capitalizable improvements. Upon disposal, or when identified for disposal and no longer in use, the function identifies the property record as a disposal and no longer includes the value of the asset, all associated capitalized improvements, and the associated accumulated depreciation/amortization in calculating the gross and net book value of property. The accounting for property function calculates depreciation/ amortization for in-service property and captures deferred maintenance, condition, and cleanup cost information. Information on deferred maintenance, condition, and clean-up costs may be estimated or captured in other systems and subsequently provided to the Core Financial System.

Mandatory:

The property management system must:

Acquisition of Property; Changes in Asset Values

For capitalized property and stewardship assets:

- Classify PP&E by asset type (e.g., general, heritage, stewardship land, and national defense).
- Distinguish between heritage assets and multi-use heritage assets.
- Capture changes in quantities, including unit of measure, where applicable, for beginning balance adjustments, additions, and deletions, and compute ending balances by asset category.
- Provide an audit trail for all adjustments to quantities and units.
- Capture the acquisition cost of an asset and any changes in the valuation, where applicable for reporting purposes.

For capitalized property only:

- Capture the estimated value of donated assets.
- Provide an audit trail for all adjustments to property values.
- Classify PP&E according to the Standard General Ledger Accounts (e.g., buildings, land, equipment, assets under capital lease, software).
- Generate data for the journal entries necessary for recording changes in the valuation including any associated gains or losses.

Depreciation, Amortization, or Depletion of Capitalized Assets.

- Capture the estimated useful life, depreciation/amortization/depletion method, and salvage/residual value for each asset or group of assets, when applicable.
- Calculate depreciation/amortization/depletion based on a management prescribed method (e.g., straight line, physical usage) and the net book value of capitalized assets.
- Accumulate amortization, depletion, and depreciation expense.
- Provide an audit trail for amortization, depletion, and depreciation expense.
- Allow authorized users system access to change the estimated useful life of an asset, the depreciation method, and estimated salvage value, and make adjustments to PP&E asset and contra-asset accounts on an exception basis.

Transfer, Disposal or Retirement of Assets

- Identify excess property or property held for disposal/retirement.
- Transfer property record data to the property disposal organization or receiving entity.⁷ Capture date of transfer, transferring entity, and recipient organization (disposal organization or recipient entity).
- Capture all essential information related to excess property and disposal as required by Federal Management Regulation (FMR) 102-36 for applicable agencies.
- Capture type of disposal action (e.g., retirement, exchange, sale, donation, etc.), final disposition, and date of disposal.
- Capture property retirement or disposal status.
- Capture deletions.
- Calculate gain or loss at time of disposal or retirement, sale, exchange, donation.
- Transfer the asset's acquisition cost, accumulated depreciation/amortization, and the amount of gain or loss to the Core Financial System at the time of asset transfer, disposal, or retirement.
- Maintain an audit trail of transfer, disposal, and retirement actions.

Deferred Maintenance and Condition

The requirement to capture deferred maintenance and condition information on appropriate assets does not affect management's discretion with respect to: (1) establishing criteria for determining whether there is deferred maintenance and condition assessment/reporting, (2) the methodology used to determine the amount of deferred maintenance and assess condition⁸, or (3) the specific system(s) used to develop or track deferred maintenance and condition information.

- Capture management's estimate of deferred maintenance. This may be accomplished through a process or system other than in a property system.

7 The property management system should be capable of interfacing with other financial and/or mixed systems. However, interface requirements and systems architecture necessary to meet management and reporting requirements are determined by each agency. See the Interface Requirements section for more information.

8 In accordance with SFFAS No. 14, either life cycle costing, condition assessment or similar methods may serve as the basis for the estimates.

- Capture management's assessment of property condition. This may be accomplished through a process or system other than in a property system.
- Capture the fact that an environmental or hazardous substance is located on or contained within a property item in accordance with 41 CFR 101-42.202.

Clean-up Costs

The universe of clean-up costs is diverse and thus systems may differ. SFFAS No. 5, Accounting for Liabilities of the Federal Government, SFFAS No. 6, Accounting for Property, Plant, and Equipment, and Technical Release 2, Environmental Liabilities Guidance provide guidance on accounting for clean-up costs. In some cases, liabilities for clean-up costs may be associated with a specific item of PP&E and in other cases the liability may be estimated for a universe of PP&E. Management should determine the most appropriate method(s) given the circumstances within their organization.

- Capture the total estimated clean-up cost when the item is placed in service if the PP&E meets the criteria established in paragraph 88 of SFFAS No. 6. This may be accomplished through a process or system other than in a property system.
- Capture environmental liabilities associated with PP&E when an event has occurred and the liability is probable and estimable (see Technical Release 2). This may be accomplished through a process or system other than in a property system.
- For general PP&E, calculate the annual amortization of estimated material, clean-up costs, and the unamortized balance.

Property Accountability

Property accountability is the physical control over fixed and moveable assets of the Federal Government. Physical control is a critical property management function exercised in concert with acquiring, maintaining, and disposing of property. Physical accountability begins when the property is received, real property is available for use or placed into service, or when ownership passes to the Government.

The property management system must:

- Capture property identification number, which may be the item's serial number.
- Capture location.
- Capture an item's current ownership status (e.g., owned by the Government, leased to the Government under a capital lease, leased to the Government under an operating lease, loaned to the Government).
- Capture the current user (e.g., the agency, contractor, grantee, etc.).
- Capture an item's current use status whether in-use, in storage, in-transit, etc.
- Capture identity of property custodian and/or the accountable organization.
- Capture in-transit information to establish/maintain accountability and control over Government property (e.g., name and address of the shipper/vendor, estimated date of delivery, shipping address, item identification, and source information).

Value Added :

The property management system may:

Property Record Maintenance

- Provide capability to electronically transfer property records between interfacing systems for the gaining and losing property custodians within the agency.
- Provide analytic tools to support analysis and evaluation of annual maintenance status, needs, and costs for effective program planning and budgeting.
- Capture property maintenance, upgrade, and overhaul schedules.
- Capture actual maintenance, upgrade, and overhaul data.
- Capture space utilization information.
- Support the use of bar code scanners.
- Record the stratification of critical and non-critical maintenance.
- Record detailed information regarding known flood hazard or flooding of real property.

Acquisition of Property; Changes in Asset Values

- Calculate and allocate interest expense for lease payments and apply the balance to reduce capital lease liability.
- Identify the type of cost recorded (e.g., acquisition cost, estimated fair market value, revaluation, present value).
- Capture the acquisition cost of individual items acquired through bulk purchase, when required by a agency policy.
- Capture the cost of capitalizable improvements separate from the original cost, the estimated change in asset's life as a result of the improvement, and the date of improvement.

Depreciation, Amortization, or Depletion of Capitalized Assets

- Calculate depreciation on asset pools.
- Separately calculate depreciation on capital improvements.

Deferred Maintenance and Condition

- Provide the capability to forecast or schedule maintenance requirements for future periods.

Transfer, Disposal, or Retirement of Assets

- Capture estimated cost to demolish property, or otherwise dispose of property.

Interface Requirements

This chapter provides information on input and output interfaces with the property management system. Interface requirements and systems architecture necessary to meet management and reporting requirements are determined by each agency. However, all systems, modules, or applications that capture, use, and pass on information should be linked. The property management system, to include subsystems that capture or generate property management information, should be capable of interfacing with other financial and mixed systems. The property management system should be able to process transactions from other systems and record and track such transactions and related information to provide the basis for central control. It is also probable that, where interfaces exist, there will be two-way interfaces associated between systems. If the property management system relies upon a subsystem for information or data, such as work-in-process, there should also exist a two-way interface, whereby the property management system could provide information to the subsystem involved.

Analysts, designers, etc. should consult the JFMIP *Framework for Federal Financial Management Systems* document for guidance on integration or interface issues, e.g., data stewardship, internal controls, and security. Illustration 4 shows what constitutes the property management system and its interfaces with other financial management and mixed systems.

System interfaces may be manual or automated. However, the goal of all system interfaces is to:

- Promote a single point of entry to populate the property management database and all databases with which the property management system interfaces at the same time.
- Ensure that audit trails of all system transactions are captured.
- Facilitate ease of reconciliation between systems to ensure data accuracy.

Property Management System and System Interfaces

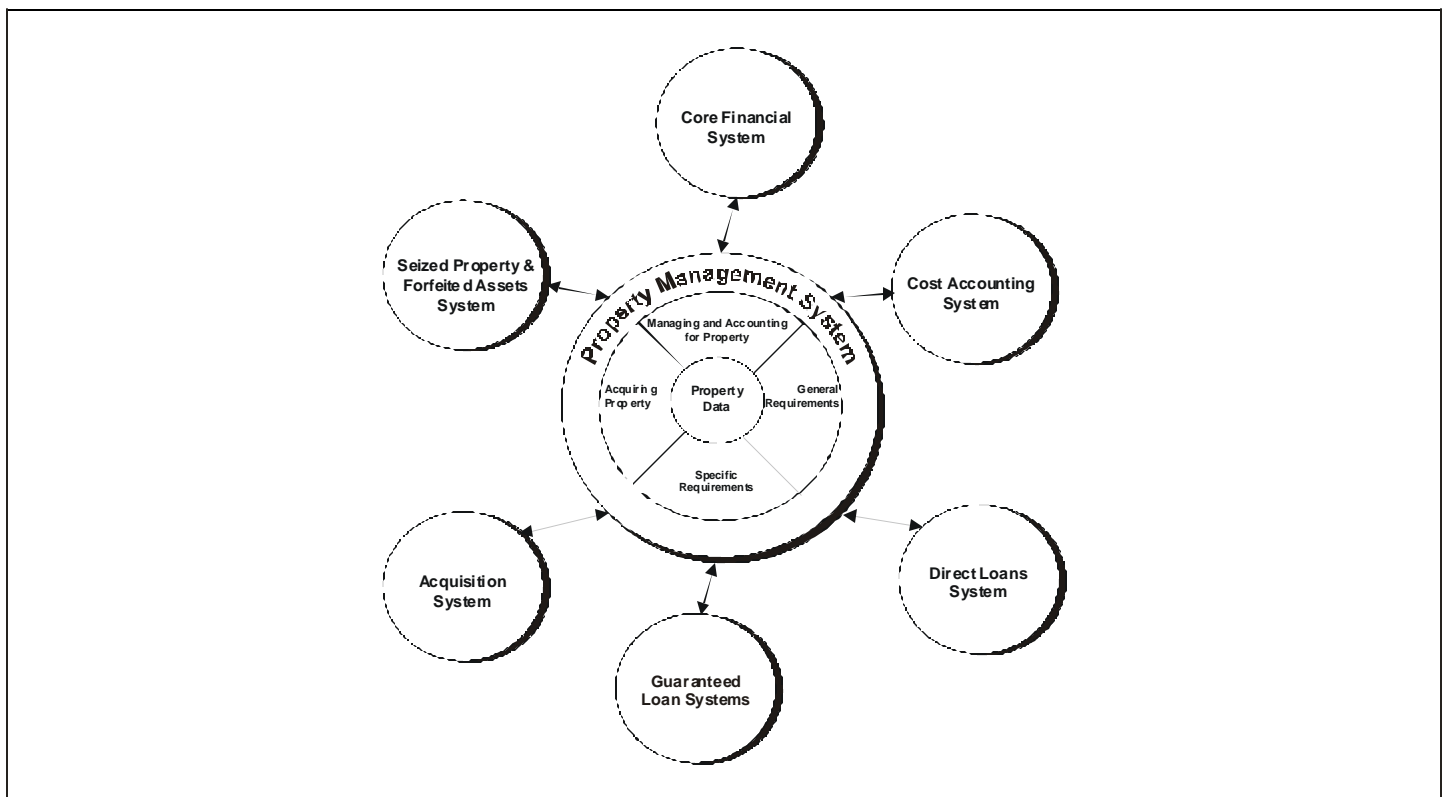
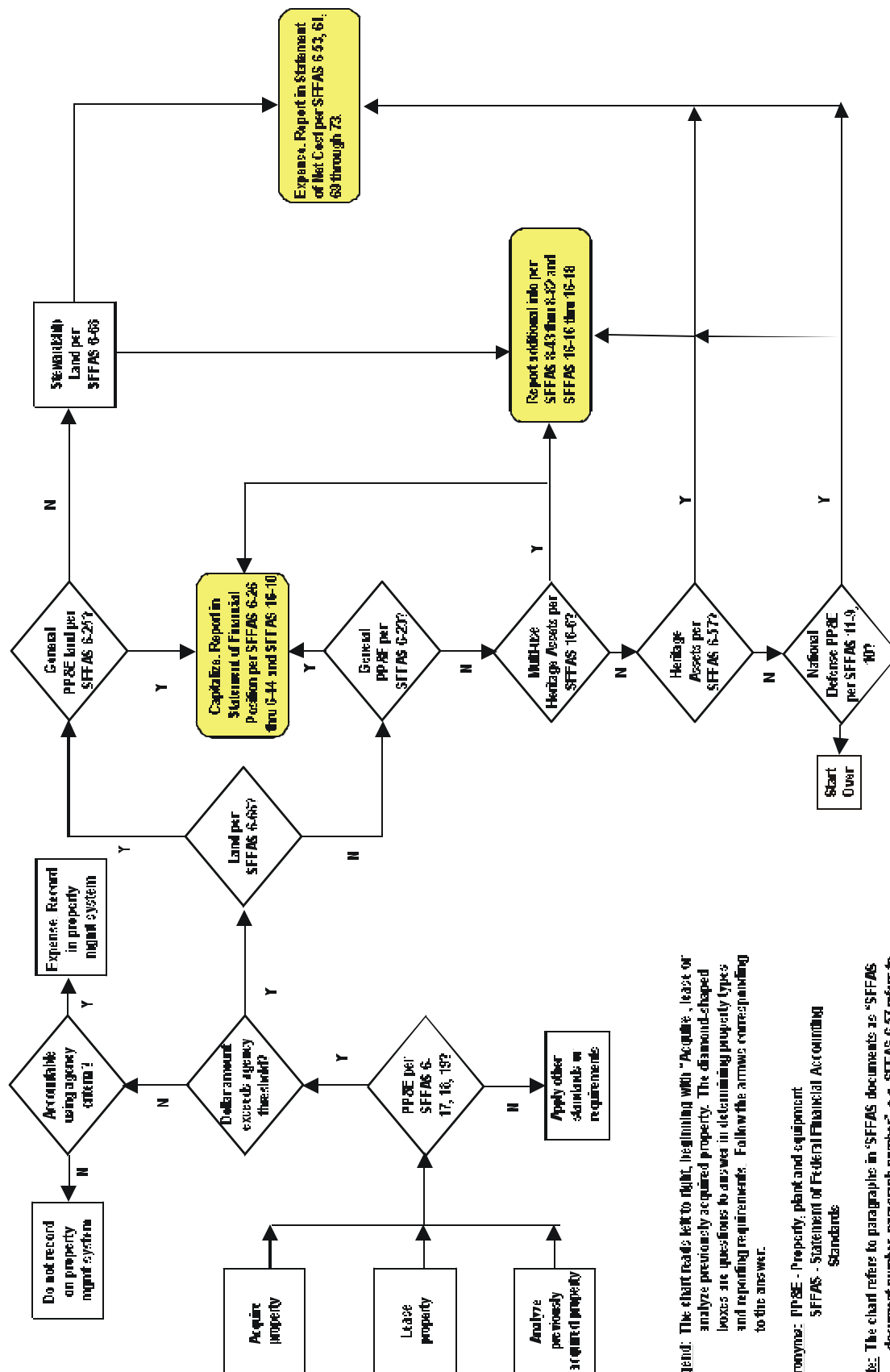


Illustration 4

Appendix A: Types of Property and Their Reporting Requirements

Flowchart for Types of Property and Their Reporting Requirements



Legend: The chart reads left to right, beginning with "Acquire", least or analyze previously acquired property. The diamond-shaped boxes are questions to answer in determining property types and reporting requirements. Follow the arrows corresponding to the answer.

Acronyms: PP&E - Property, plant and equipment
SFFAS - Statement of Federal Financial Accounting Standards

Note: The chart refers to paragraphs in "SFFAS" documents as "SFFAS document number, paragraph number", e.g. SFFAS 6-57 refers to paragraph 57 of SFFAS No. 6

Illustration 5

Appendix B: References

Introductory Note:

The following list cites Government-wide accounting standards, proposed amendments to the standards, laws, regulations, and other mandates that pertain to General Property, Plant and Equipment, including National Defense PP&E and stewardship land and heritage assets. Also cited are draft issue papers prepared by a stewardship guidance work group commissioned by the Auditing and Accounting Policy Committee of the Federal Accounting Standards Advisory Board to develop guidance for implementing the standards for reporting and auditing stewardship land and heritage assets. These items were reviewed to identify property management systems requirements for stewardship land and heritage assets.

Some laws and regulations pertaining to stewardship land and heritage assets apply only to certain agencies. Because they do not have Government-wide applicability, these agency-specific laws and regulations are not included in the list below. However, agencies should ensure that their property management systems perform the functions necessary to comply with any applicable agency-specific laws and regulations.

Although they are not all listed here, laws and regulations that apply to the broad categories of real and personal property usually apply to stewardship land and heritage assets. This is because stewardship land and heritage assets are a subset of personal property and/or real property.

Accounting Standards and Concepts

Statements of Federal Financial Accounting Standards (SFFAS), Concepts (SFFAC), and Technical Release with applicable issuance dates:

SFFAC 1, Objectives of Federal Financial Reporting, 9/93

SFFAS 3, Accounting for Inventory and Related Property, 10/93

SFFAS 5, Accounting for Liabilities of the Federal Government, 9/95

SFFAS 6, Accounting for Property, Plant, and Equipment, 6/96

SFFAS 8, Supplementary Stewardship Reporting, 6/96

SFFAS 10, Accounting for Internal Use Software, 6/98

SFFAS 11, Amendments to Accounting for Property, Plant and Equipment – Definitional Changes, 10/98

SFFAS 14, Amendments to Deferred Maintenance Reporting, 04/99

SFFAS 16, Amendments to Accounting for Property, Plant and Equipment, Measurement and Reporting for Multi-Use Heritage Assets, 07/99

Technical Release 2, Environmental Liability Guidance, 03/98

Federal Accounting Standards Advisory Board (FASAB) Overview of Federal Accounting Concepts & Standards, 12/96

JFMIP Documents

JFMIP, FFMSR-7 Inventory System Requirements, 6/95

JFMIP, FFMSR-8, Managerial Cost Accounting System Requirements, 04/97

JFMIP, JFMIP-SR-99-8 Direct Loan System Requirements, 6/99

JFMIP, JFMIP-SR-99-14 Seized Property and Forfeited Assets Systems Requirements, 12/99

JFMIP, JFMIP-SR-00-01 Guaranteed Loan System Requirements, 3/00

Laws- General PP&E

Accounting Standardization Act of 1995

Chief Financial Officers Act (CFO) Act of 1990 (Public Law 101-576)

Computer Security Act of 1987 (Public Law 100-235)

Energy Policy Act of 1992

Federal Acquisition Streamlining Act (FASA) of 1994 (Public Law 103-355)

Federal Financial Management Improvement Act (FFMIA) of 1996

Federal Managers Financial Integrity Act (FMFIA) of 1982

Federal Property and Administrative Services Act of 1949, as amended

Government Management Reform Act (GMRA) of 1994

Government Performance and Results Act of 1993 (Public Law 103-62)

Information Technology Management Reform Act (Clinger/Cohen Act) (Division E of Public Law 104-106)

Omnibus Reconciliation Act of 1993 (Public Law 103-66)

Paperwork Reduction Reauthorization Act of 1986 (Public Law 104-13)

Stevenson-Wydler Technology Innovation Act of 1980

Laws-Stewardship Land

Alaska National Interest Lands Conservation Act of 1980 (16 USC 3101 et. seq.)

California Desert Protection Act of 1994 (Public Law 103-433)

Cave Resources Protection Act of 1988 (116 USC 4301 et. seq.)

Coastal Barrier Resources Act of 1982 (16 USC 3501 et. .seq.)

Coastal Wetlands Planning, Protection and Restoration Act of 1990 (16 USC 3951-3956)

Coastal Zone Management Act of 1972 (16 USC 1451 et. seq.)

Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 USC 9601-9673)

Desert Land Act of 1877 (43 USC 321-323)

Endangered Species Act of 1973, as amended (16 USC 1531-1544)

Engle Act of February 28, 1958 (43 USC 156)

Estuary Protection Act of 1970 (16 USC 1221-1226)

Federal Land Exchange Facilitation Act of 1988 (43 USC 1716)

Federal Land Policy and Management Act of 1976 (43 USC 1701 et. seq.)

Forest and Rangeland Renewable Resources Planning Act of 1974 (16 USC 1601 et. seq.)

General Mining Law of 1872, as amended (30 USC 22 et. seq.)

Land and Water Conservation Act of 1965, as amended (16 USC 460 et. seq.)

Marine Mammal Protection Act of 1972, as amended (16 USC 1361-1421h)

Marine Protection, Research and Sanctuaries Act of 1972, (33 USC 1401 et. Seq.)

Mineral Leasing Act of 1920, as amended (30 USC 181, et. seq.)

Mineral Leasing Act for Acquired Lands of 1947 (30 USC 351-359)

Mining and Minerals Policy Act of 1970 (30 USC 21a and 30 USC 1601et. seq.)

Multiple Use Sustained Yield Act of 1960 (16 USC 528 et. seq.)

National Dam Inspection Act of 1972 (33 USC 467)

National Environmental Policy Act of 1969 (NEPA) (42 USC 4321 et. seq.)

National Parks and Recreation Act of 1978 (16 USC 1242-1243)

National Trails System Act of 1968, as amended (16 USC 1241-1249)

North American Wetlands Conservation Act of 1989 (Public Law 101-233)

Oregon and California (O&C) Act of 1937 (43 USC 1181a et. seq.)

Public Rangeland Improvement Act of 1978 (43 USC 1901 et. seq.)

Recreation and Public Purposes Act of 1926, as amended (43 USC 869)

Resource Conservation and Recovery Act as amended by the Federal Facility Compliance Act of 1992 (42 USC 6901-6992)

Sikes Act of 1974, as amended (16 USC 670 et. seq.)

Soil and Water Resources Conservation Act of 1977 (16 USC 2001)

Southern Nevada Public Land Management Act of 1998 (Public Law 105-263)

Taylor Grazing Act of 1934 (43 USC 315, 316)

Urban Property Protection and Reinsurance Act of 1968 (12 USC 1749 et. .seq.)

Wild and Scenic Rivers Act of 1968, as amended (16 USC 1271 et. seq.)

Wild Free Roaming Horse and Burro Act of 1971, as amended by the Public Rangelands Improvement Act of 1978 (16 USC 1331-1340)

Wilderness Act of 1964 (16 USC 1131 et. seq.)

Laws: Heritage Assets

Abandoned Shipwreck Act of 1987 (Public Law 100-298; 43 USC 2101-2106)

American Antiquities Act of 1906 (16 USC 431-433)

American Indian Religious Freedom Act of 1978 (42 USC 1996 and 1996a)

Archaeological Resources Protection Act of 1979, as amended (16 USC 470aa-mm)

Bald Eagle Protection Act of 1940 (16 USC 668-668d)

The Copyright Act of 1976 (17 USC 101 et. seq. [1988 & Supp. V 1993])

Disposal of Records (44 USC 3301 et seq.)

Endangered Species Act of 1973, as amended (16 USC 1531-1543)

Federal Property and Administrative Services Act of 1949, as amended (40 USC 483 [b])

Federal Records Act of 1950, as amended (Records Management by Federal Agencies, 44 USC 3101 et. seq.)

Freedom of Information Act of 1982 (5 USC 552)

Historic Sites, Buildings, Objects, and Antiquities Act of 1935 (16 USC 461-467)

Internal Revenue Code of 1986 (Qualified Conservation Contributions) (26 USC 170[h])

Internal Revenue Code of 1990 (Rehabilitation Credit) (26 USC 47)

Lacey Act of 1900 (18 USC 43-44)

Marine Mammal Protection Act of 1972 (16 USC 1361-1407)

Migratory Bird Treaty Act of 1918 (16 USC 703-711)

Mining in the National Parks Act of 1976 (Section 9) (16 USC 1908)

Museum Properties Management Act of 1955 (16 USC 18)

National Environmental Policy Act of 1969 (42 USC 4321)

National Historic Preservation Act of 1966, as amended (16 USC 470-470t, 110)

National Park Service Organic Act of August 25, 1916 (16 USC 1-4, 22, 43)

Native American Graves Protection and Repatriation Act of 1990 (25 USC 3001-3013)

Outer Continental Shelf Lands Act (43 USC 1332)

Preservation, Arrangement, Duplication, Exhibition of Records (44 USC 2109)

Privacy Act of 1974 (5 USC 552a)

Public Buildings Cooperative Use Act of 1976 (40 USC 601a)

Recreation and Public Purposes Act of 1926 (43 USC 869)

Reservoir Salvage Act of 1960, as amended by the Archeological and Historic Preservation Act (16 USC 469-469c)

Theft of Government Property (18 USC 641)

1970 UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property (19 USC 2601)

1983 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

US Codes

16 USC Chapter 1A, "Historic Sites, Buildings, Objects, and Antiquities"

18 USC 641 (Establishes criminal penalties for converting Government property to private use or gain.)

31 USC 3512 (Requires the head of each executive agency to establish and maintain systems of accounting and internal control designed to provide effective control over, and accountability for, all assets for which the agency is responsible.)

31 USC 3531 (Provides that the head of the agency shall charge a person entrusted with public property for the loss of the property when it is determined that it is the person's fault that the property is lost.)

31 USC 3711 (Requires that the head of an agency or his designee try to collect money or property due the United States Government.)

40 USC Chapters 10 and 20, Federal Property and Administrative Services Act of 1949.

Executive Orders

Executive Order 12999, "Educational Technology: Ensuring Opportunity for All Children in the Next Century"

Executive Order 13011, "Federal Information Technology"

Executive Order 13031, "Federal Alternative Fueled Vehicle Leadership"

Executive Order 13123, "Greening the Government Through Efficient Energy Management"

Executive Orders-Stewardship Land

Executive Order 12548 (establishes fees for grazing domestic livestock on public rangeland)

Executive Order 12962, "Recreational Fishing", June 7, 1995

Executive Orders-Heritage Assets

Executive Order 11593 "Protection and Enhancement of the Cultural Environment" (1971)

Executive Order 13006 "Locating Federal Facilities On Historic Properties In Our Nation's Central Cities" (1996)

Executive Order 13007 "Indian Sacred Sites" (1996)

Government Accounting Office (GAO) Documents

GAO Policies & Procedures Manual for Guidance of Federal Agencies, Title 2

OMB Documents

OMB Bulletin No. 97-01, "Form and Content of Agency Financial Statements"

OMB Circular No. 11, "Planning, Budgeting, and Acquisition of Capital Assets (Part 3) Supplement to Part 3, Capital Programming Guide"

OMB Circular No. 102, "Grants and Cooperative Agreements with State and Local Governments"

OMB Circular No. 109, "Policies for Acquiring Major Systems"

OMB Circular No. 110, "Uniform Administrative Requirements for Grants and other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations"

OMB Circular No. 123, "Management Accountability and Control"

OMB Circular No. 127, "Financial Management Systems"

OMB Circular No. 130, "Management of Federal Information Resources"

OMB Memorandum M-97-02 "Funding Information Systems Investments"

Codes of Federal Regulations (CFRs)

41 CFR 101, "Public Contracts and Property Management"

48 CFR, "Federal Acquisition Regulations System"

CFR's Regarding Heritage Assets

Certifications Pursuant to the Tax Reform Act of 1976 (36 CFR 67.2)

Curation of Federally-Owned and Administered Archeological Collections (36 CFR 79)

Disposition of Federal Records (36 CFR 1228)

Federal Records; General (36 CFR 1220)

Freedom of Information Act Regulations (36 CFR 810)

Historic Preservation Requirements of the Urban Development Action Grant Program (36 CFR 801)

National Historic Landmarks Program (36 CFR 65)

National Register of Historic Places (36 CFR 60) and Determinations of Eligibility for Inclusion in the National Register (36 CFR 63)

Native American Graves Protection and Repatriation Act: Final Rule (43 CFR 10)

Preservation of American Antiquities (43 CFR 3)

Procedures for State, Tribal, and Local Government Historic Preservation Programs (36 CFR 61)

Protection of Archeological Resources (43 CFR 7)

Protection of Historic and Cultural Properties (36 CFR 800)

Research Specimens (36 CFR 2.5)

Other Applicable Standards, Guidelines, and Regulations

Federal Acquisition Regulation

Federal Property Management Regulation

Guidelines for Federal Agency Responsibilities, Under Section 110 of the National Historic Preservation Act

Preparation of Environmental Impact Statements: Guidelines (40 CFR 1500)

The Secretary of the Interior's Standards for Architectural and Engineering Documentation

The Secretary of the Interior's Professional Qualification Standards (48 CFR 22716, Sept. 1983)

The Secretary of the Interior's Proposed Historic Preservation Professional Qualification Standards

The Secretary of the Interior's Standards for Rehabilitation (36 CFR 67)

The Secretary of the Interior's Standards for the Treatment of Historic Properties (36 CFR 68)

Appendix C: Glossary

Accountability	The obligation of an individual to keep records of property, documents, or funds. Accountability is a responsibility officially assigned to a specific person that may not be delegated.
Accountable property	Non-expendable personal property that is sensitive or that has an acquisition cost above an agency-defined dollar value threshold, has a useful life of one year or more, and must be accounted for throughout its useful life.
Accumulated depreciation, amortization, or depletion	The total depreciation, amortization, or depletion recorded on an asset since placed in service.
Acquisition	Acquisition of property means to procure, purchase, or obtain in any manner, including transfer, acquisition from excess, lease or loan for a period of 60 or more consecutive days, donation or forfeiture, manufacture, or production at government-owned plants or facilities.
Acquisition cost	Cost to the Government of putting the property into use when the property is originally acquired. It includes all costs incurred to bring the item to a form and location suitable for its intended use. For additional clarification and examples, refer to SSFAS 6, Accounting for Property, Plant, and Equipment, and SSFAS 10, Accounting for Internal Use Software.
Amortization	The periodic recognition of the consumption (expense) of an intangible asset.
Asset	Tangible or intangible items owned by the Federal Government that would have probable economic benefits that can be controlled or obtained by a Federal Government entity.
Asset category	Assets are sorted into groups, which are used to more clearly understand the purpose and functions of an agency, and where its resources are being applied.
Asset pool	Similar assets that singly may not represent a significant or material amount are grouped into an asset pool and capitalized as a single asset.
Asset type	The categories of PP&E as defined in SSFAS 6, Accounting for Property, Plant, and Equipment.
Bar code	A series of short black lines of varied thickness usually accompanied by alphanumeric digits. A laser reader or scanner can translate the bar codes with the corresponding alphanumeric digits that are used to uniquely identify a property item. This property identification number is used as the basis for the inventory.
Bulk property items	Items acquired by the bulk purchase method.
Bulk purchase	A single acquisition of many separate items that if purchased individually would not be significant or material; however is significant when purchased as a single acquisition.
Capital improvements	An enhancement that increases the future service potential of the asset and should be capitalized.
Capital lease	Lease that transfers substantially all the benefits and risks of ownership to the lessee. See SFFAS 5 and 6 for the criteria used to identify capital leases.
Capitalize	To record and carry forward into one or more future periods any expenditure the benefits from which will then be realized.
Capitalized property	Non-expendable property (excluding stewardship property, plant and equipment) with a useful life of 2 years or more and an acquisition cost above a predetermined dollar value threshold.

Central Systems	Central systems collect and maintain financial and related performance measurement data needed for Government-wide reporting and analysis, budget execution analysis, production of consolidated financial statements, program monitoring, and Government- wide decision-making support.
Clean-up costs	Costs of removing, containing, and/or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. Clean-up may include, but is not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure costs.
Condition	The physical state of an asset. The condition of an asset is based on an evaluation of the physical status/state of an asset, its ability to perform as planned, and its continued usefulness.
Construction	Erection or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility. Includes equipment installed and made a part of such facilities, and related engineering and design efforts, site preparation, excavation, filling and landscaping, or other land improvements.
Contra-asset account	An account that is used solely to record and accumulate reductions in the balance of its related account. A contra-account balance is subtracted from the balance of the related account (like depreciation).
Conversion	Permanent change in the functional use of all or part of a building or structure. The building or structure description is changed to reflect the conversion.
Current use status	An indication in the property management system which tells a user whether an item of accountable property is currently in-use by the Government, in storage pending use, in storage pending disposal , on loan, in-use by a contractor (Government-furnished equipment), or other similar situations which affect the financial treatment of the asset.
Deferred maintenance	Maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.
Depletion	The allocation of the cost (using up) of natural resources, which is systematically expensed over time.
Depreciation	The allocation of the cost of an asset over a period of time for accounting and tax purposes. Also, a decline in the value of property due to general wear and tear or obsolescence.
Disposal	Any authorized method of permanently divesting of the control of and responsibility for property.
Excess property	Any property under the control of a Federal agency, which the head of the agency determines is not required for the needs and discharge of the responsibilities of the agency.
Expendable property	Property with a normal life expectancy of less than 2 years. It is normally consumed in the normal course of its use.
Expense	To record and charge costs to the operating budget during the current period. Includes depreciation for the current period or the total costs for low-value, short-lived assets.
Expensed property	Non-expendable and expendable property with an acquisition cost below a predetermined dollar value threshold.
Facility	Building, structure, utility system, or land.
Fair market value	The price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

Financial management system	The financial systems and the financial portions of mixed systems necessary to support financial management.
Financial system	An information system comprised of one or more applications used for collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting financial statement preparation.
Firmware	Computer software that has been permanently installed (“hard-wired”) into a computer hardware.
General property, plant, and equipment	<p>Any property, plant, and equipment used in providing goods or services. General PP&E typically has one or more of the following characteristics:</p> <ul style="list-style-type: none">• it could be used for alternative purposes but is used to produce goods, services;• it is used in business-type activities, or• it is used by entities in activities whose costs can be compared to those of other entities performing similar activities.
Government-furnished property (GFP)	Government property that a contracting officer authorizes a contractor to use for performance of a Government contract.
GSA Worldwide Inventory	GSA-maintained information system that captures data on real property owned and leased by the Federal Government.
Hazardous material/waste	Solid, liquid, or gaseous waste, or combination of these wastes, which because of its quantity, concentration or physical, chemical, or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating illness or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.
Heritage assets	Property, plant, and equipment that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic (e.g., aesthetic) importance; or significant architectural characteristics.
In-transit	Concept of property that has been acquired and shipped, but which has not arrived at its destination.
Information system	The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual. Information systems include non-financial, financial and mixed systems.
Information technology	Any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. The term “information technology” includes computers, ancillary equipment, software, and firmware.
Internal use software	Software that is purchased off-the-shelf, internally developed, or contractor-developed solely to meet the entity’s internal needs.
Journal entry	An item in double-entry bookkeeping that records financial events for posting to the General Ledger.

Land	Land is the solid part of the surface of the earth. Excluded from the definition of land are the natural resources (depletable resources such as mineral deposits and petroleum; renewable resources such as timber, and the outer-continental shelf resources related to land). Land comprises the whole or part of an area in which the Federal Government has all rights, title and interest. Includes land acquired by purchase, condemnation, donation, or transfer. Includes reclaimed or accredited lands if title is vested in the Federal Government and such lands are under custody and accountability of the Federal agency.
Land rights	Interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, rights-of-way, and other land interests in land.
Lease	An agreement conveying the right to use property, plant, or equipment for a stated period of time.
Maintenance	The act of keeping assets in useable condition. It includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it provides acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve different needs than, or significantly greater than, those originally intended.
Mixed system	Any information system that supports both the financial and non-financial functions of the Federal Government or components thereof.
Multi-use heritage assets	Heritage assets whose predominant use is general Government operations. A heritage asset used to serve two purposes—a heritage function and Government operation—shall be considered a multi-use heritage asset if the predominant use of the asset is in general Government operations.
National defense PP&E	(1) The PP&E components of weapons systems and support PP&E owned by the Department of Defense or its component entities for use in the performance of military missions, and (2) vessels held in a preservation status by the Maritime Administration's National Defense Reserve Fleet.
Net book value	The net amount at which an asset or a liability is carried on the books of account. Net book value is the acquisition cost of the asset less its accumulated depreciation.
Non-expendable personal property	Personal property with a normal life expectancy that exceeds 2 years, has a continuous use as a self-contained unit, and does not lose its identity or is destroyed when put into use.
Operating lease	An agreement conveying the right to use property for a limited time in exchange for periodic rental payments.
Personal property	Property that is not classified as either real property or Federal Government records and includes all equipment, materials, and supplies.
Property	Anything that may be legally owned. Property includes real and personal property.
Property, plant, and equipment	<p>Tangible assets, including land that meet the following criteria:</p> <ul style="list-style-type: none"> • they have estimated useful lives of 2 years or more; • they are not intended for sale in the ordinary course of operations; and • they have been acquired or constructed with the intention of being used, or being available for use by the entity. <p>Property, plant, and equipment also includes:</p>

- assets acquired through capital leases, including leasehold improvements;
- property owned by the reporting entity in the hands of others;
- land rights.

Property, plant, and equipment excludes items (1) held in anticipation of physical consumption such as operating materials and supplies, and (2) in which the Federal Government has a reversionary interest.

Property accountability

Property accountability includes responsibilities for such tasks as tracking the movement of assets recording changes in physical condition, and verification of physical counts. Property managers exercise this responsibility and maintain proper control over an organization's assets through record keeping, effective policies and procedures, and appropriate security controls

Property Accountability Officer

The designated official responsible for the effective administration and maintenance of the property control and accountability system within an area of accountability. This person reports to the Property Management Officer.

Property Custodian An individual designated in writing and located at the field operating unit level having physical custody and control over property. The Property Custodian or his/her designee is responsible for keeping the property records for his/her area of responsibility, taking and maintaining inventories, informing the property office of all new items of accountable property acquired as well as old items of accountable property excessed and removed. The Property Custodian may report to a Property Accountability Officer or to the Property Management Officer depending upon the size of the agency.

Property management

All functions necessary for the proper determination of need, source, acquisition, receipt, accountability, utilization, maintenance, rehabilitation, storage, distribution, and disposal of property.

Property Management Officer

An individual formally appointed by the head of an agency or an operating unit within an agency to serve as a focal point for property management with the responsibility and authority to account for the effective control, acquisition, use, and disposal of property for that operating unit.

Real estate

Land and interests therein, leaseholds, buildings, improvements, and appurtenances thereto. It also includes piers, docks, warehouses, rights-of-way, and easements, whether temporary or permanent, and improvements permanently attached to and ordinarily considered real estate. It does not include machinery, equipment, or tools, which have been affixed to, or which may be removed without destroying the usefulness of the structure.

Real estate instrument

Lease, license, permit or similar document authorizing the use or possession of real property controlled by one Federal agency to another Federal, state, or local Government agency or private organization for a designated period of time.

Real property

Land and improvements to land, buildings, and facilities, including improvements and additions thereto, and utility systems. It includes equipment affixed and built into the facility as an integral part of the facility (such as heating systems), but not movable equipment (such as plant equipment). In many instances this term is synonymous with real estate.

Recognize

To determine the amount, timing classification, and other conditions precedent to the acceptance and entry of a transaction. Hence, to give expression on the books of account.

Reconciliation

The process of getting individual records contained in the property management system fully consistent with the actual status of the property item including the item's physical location, actual acquisition cost, etc.

Record	To give expression to a transaction on (or in) the books of account; to enter.
Responsibility	The obligation of an individual to ensure Government property and funds entrusted to his or her possession, command, or supervision are properly used and cared for and that proper custody, safekeeping, and final disposal are provided.
Salvage	An item of property, which has parts that are usable or which can be recycled. The item as a whole is in such poor shape that its repair is not practical but its total destruction is not warranted.
Salvage Value	The amount to which an asset must be written down or depreciated during its useful life.
Sensitive property	Non-expendable personal property, as determined by each individual agency, that is potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that must be subject to exceptional physical security, protection, control, and accountability such as classified property, weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.
Skeletal property record	Basic information recorded at the time the Government takes title to property.
Software	The application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system.
Source document	The specific mechanism used which obligates the Government to an expenditure of funds. In addition to bilateral instruments (e.g., contracts and contract modification), a source document may be a task/delivery order issued under a contract or basic ordering agreement, purchase order, purchase card order, or any other mutual binding legal mechanism obligating the seller to furnish the supplies or services and the buyer to pay for them.
Stewardship	The Federal Government's responsibility for the general welfare of the nation and its resources in perpetuity.
Stewardship land	Land owned by the Federal Government and not acquired for or in connection with other PP&E.
Structure	Real property facility that is classified as other than land, a building, or utility system.
Surplus property	Property no longer required by Federal agencies, as determined by GSA. GSA will either donate the property to state agencies or sell the property outright.
System	Two or more individual items (equipment components) that are part of a self-contained group, that are joined physically, electronically, or electromechanically, programmed or designed specially to rely on each other, and cannot function independently if separated, and cannot be easily disconnected and reconfigured to function with or within another unit or "system".
Threshold	The dollar amount above which items must be accounted for in the property management system.
Upgrades	Additions to or replacement parts within an existing piece of equipment. These will improve or add to its functioning over and above its capability as originally configured. Alternatively or as an additional consequence, the function or the useful life of the original unit is extended. The item being purchased is not an accountable piece of property in and of itself; that is, it will not function on its own without being installed with the original main unit.
Useful life	The normal operating life (of an asset) in terms of utility to the owner.
Utilization	The documented use of material or an asset in the business process compared to the planned use.
Valuation	The act of estimating the value or worth.
Work-In-Process	PP&E under construction or development.

Appendix D: Contributors

Joint Financial Management Improvement Program (JFMIP) Steering Committee

Donald V. Hammond, Chair, Department of the Treasury
Karen Cleary Alderman, Executive Director, JFMIP
Sheila Conley, Office of Management and Budget
William B. Early, General Services Administration
J. Gilbert Seaux, Office of Personnel Management
Jeffrey C. Steinhoff, U.S. General Accounting Office

Joint Financial Management Improvement Program

Karen Cleary Alderman, Executive Director
Mary Chase (Women's Executive Leadership Program participant from General Services Administration)
Susan Kaufman (Women's Executive Leadership Program participant from the Defense Logistics Agency)
Carla Kohler (CFO Fellow from the Defense Finance and Accounting Service- Kansas City Center)
Dennis Mitchell
Dorothy Sugiyama (Defense Leadership and Management Program participant from Department of Army)

Property Management Systems Steering Committee

Frank Sullivan, Chair, Department of Veterans Affairs
Karen Cleary Alderman, Joint Financial Management Improvement Program
Wendolyn M. Comes, Federal Accounting Standards Advisory Board
Irwin T. David, National Weather Service
F. Jay Lane, Department of Defense
De Ritchie, Department of Defense
Phillip Smith, National Aeronautics and Space Administration
Steve Varholý, National Aeronautics and Space Administration
Marty Wagner, General Services Administration

Chief Financial Officers Council, Financial Systems Committee

R. Schuyler Leshner, Chair, Department of the Interior

Office of Management and Budget

Jean Holcomb
Sandra R. Swab

Property Management Systems Requirements Project Team

Department of Defense (Sponsoring Agency)

Dave Oliver, Principal Deputy Under Secretary of Defense (Acquisition & Technology) (Project Sponsor)
Stan Azebu (Team Leader)
Robert Donatuti
Mike Burke
Angelena Moy
Ron Smith
Eva Daniel
Anissa Nash-Brooks
Gerald Thomas
Elvon Lloyd
James H. Fleischman
James F. Friel
Tyler Apffel
David Vincent
John Richards

U.S. Agency for International Development

Thomas Mundell

Department of Agriculture

Rico Clarke
Charles Swinton
Kathy Fay

Department of the Army

Irma Davis
Julie Jones-Conte
Jerry Zekert

Department of Commerce

Brian Mason
Bajinder Paul
Nancy Walters

Department of Health and Human Services

Waldo Nelson

Department of the Interior

Debra Lange
Jacque Medina
Ronald C. Wilson
Jim Crews

KPMG LLP

Norwood Jackson

KPMG Consulting

Alison Reilly
James Kearney

Department of Justice

Janet Dobbs

Department of the Treasury

David Baker

Department of Veterans Affairs

Linnie Baker
Sandra Miller-Hawkins
Leo Glynn

Environmental Protection Agency

Pamela Doucoure
Anthony Borda

Federal Accounting Standards Advisory Board

Andrea Palmer

Federal Emergency Management Agency

James H. Lemly, Jr.

U.S. General Accounting Office

Lisa Jacobson
Mark P. Connelly
Janett Smith
Miguel Lujan
William F. Wright
Kristi Karls

General Services Administration

Sherry Conner
Carol Anadale

National Aeronautics and Space Administration

Billie Wilchek

Private Sector Council

Edwin W. Bennett
John Greaney
Erica Prentice

Smithsonian Institution

William G. Tompkins

MTL Services International, Inc.

Orfeo "Chuck" Trombetta, Jr.

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